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p.9 MARKETS IN BRIEF: MENA CAPITAL MARKETS DIP INTO THE RED THIS WEEK

MENA equity markets continued to follow a downward streak over this week, as reflected by a 0.7% decline in the S&P Pan Arab Composite index, mainly weighed down by mounting fears that the Israel-Hamas war could trigger a wider conflict in the region, threatening an already fragile global economic outlook. In parallel, regional fixed income markets saw across-the-board price contractions this week, mainly tracking US Treasuries move following an aggressive sell-off seen in gilts on higher-than-expected UK inflation in September 2023, and as soaring oil prices fueled global inflation concerns.

MENA MARKETS: OCTOBER 15 - OCTOBER 21, 2023

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-0.7%	Weekly Z-spread based bond index	+0.6%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-3.8%	YTD Z-spread based bond index	+76.0%

ECONOMY

MIDDLE EAST'S HOSPITALITY SECTOR STRONGEST WORLDWIDE, STR SAYS

The hotel market in the Middle East has emerged as the strongest in the world this year judging by industry performance metrics such as occupancy, revenue per available room (RevPar) and average room rate, according to hospitality data analytics firm STR.

Regional hotels' average room rate reached US\$ 160 year-to-date in 2023, compared to US\$ 142 for US hotels, US\$ 141 for European hotels and US\$ 90 for their Asia-Pacific counterpart, according to the area director for the Middle East and Africa at STR.

Average room rate for hotels in Dubai, the Middle East's travel and tourism hub, exceeded the regional average with US\$ 171, while occupancy reached 76%, he said at the Dubai Lodging Outlook event held in partnership with STR.

Abu Dhabi hotels' average room rates reached US\$ 130, while occupancy reached 70% in the year-to-date period of 2023.

Jeddah took the region's top spot with its hotels recording an average room rate of US\$ 220, according to data by London-based STR.

The Middle East's tourism sector has recorded the strongest post-pandemic rebound in the world despite persistent global economic headwinds, according to an August report by HSBC.

The region, home to the biggest Arab economy Saudi Arabia and the global leisure and commercial hub of the UAE, is unique in recording a "total recovery" in terms of tourist arrivals in the first quarter of 2023, the bank said.

In Dubai, hotels' RevPar growth is forecast at 1.6% year-on-year for 2023, according to the analytics manager at STR. This growth has been largely driven by occupancy, which is expected to return to its long-run average this year even as the full-year average daily rate (ADR) has declined relative to 2022.

The number of international visitors to Dubai exceeded the pre-Covid-19 pandemic levels in the first half of 2023 as the emirate's hospitality and tourism sector posted a record performance. International visits to Dubai rose 20% on an annual basis in the January to June period, the Dubai Media Office said in August, citing the latest data from Dubai's Department of Economy and Tourism (DET).

The emirate welcomed 8.55 million international visitors during the period, the best first-half performance yet, exceeding the pre-pandemic figure of 8.36 million tourists in the first half of 2019.

Growth in the UAE's hospitality and tourism industry comes on the back of the country's economic growth of 3.8 per cent on an annual basis in the first quarter of this year, boosted by its strong non-oil sector.

The UAE's Brics membership will also help the country to pursue its annual growth target of 7% or more and double the size of its economy by 2031, the Minister of Economy, said last month.

Saudi Arabia, the Arab world's largest economy, grew by 1.2% in the second quarter of this year, a slightly faster pace than the initial estimates, driven by a sharp expansion in the non-oil sector. The kingdom is developing non-oil sectors such as entertainment, culture and sports to create jobs, boost quality of life, lure high-skilled talent and attract tourists.

The move is part of the Saudi Vision 2030 strategy that seeks to reduce the country's dependence on oil, overhaul the economy, build new industries and invest in existing high-value sectors. That economic transformation includes investing billions of dollars to develop the country's tourism sector, entertainment infrastructure and its aviation industry.

EGYPT'S NON-OIL PRIVATE SECTOR BUSINESS CONDITIONS ON A FASTER DOWNTURN IN SEPTEMBER

Egypt's Headline Purchasing Managers' Index (PMI) was recorded at 48.7 in September 2023. This shows a quickening of the downturn in business conditions in the country's non-oil private sector as the PMI noted a 0.5 point decrease from last month's figure. This stands as the lowest recorded PMI in four months, as per S&P Global's Egypt PMI report for September 2023.

The main drivers behind the faster downturn of business conditions are supply chain challenges and rapid inflation that lead to a spike in outstanding work linked to a sharp decline in output levels. The sharp decrease in output comes as rising prices continued to weigh on client spending and confidence. Additionally, the survey shows that a sharp increase in overall input costs, caused by weak exchange rates, lead to a robust increase in selling prices, as per S&P Global's Egypt PMI report for September 2023.

Amid fears that prices will continue to rise and supply conditions will remain challenging, firms resorted to retaining their inventory levels and boosting their staff.

In details, a depressed demand environment caused by high inflation has led to sharper drops in output and new orders in Egypt's non-oil private sector. The intake of new work noted the sharpest drop since May 2023 albeit remaining soft compared to figures seen at the start of the year.

Additionally, output levels decreased sharply and at an accelerated rate at the end of the third quarter of 2023. Firms also commonly reported difficulties in acquiring raw materials due to import challenges and rapid price inflation in parallel to weaker sales, as per S&P Global's Egypt PMI report for September 2023.

As a result of the aforementioned factors, pressure on operating capacity increased leading to the fastest increase in work backlogs in the Egyptian non-oil private sector that was ever recorded since 2011.

According to S&P Global's Egypt PMI report for September 2023, the rate of input cost inflation remained sharp during the month with a marginal slow-down from August's figures. The main driver for this inflation was the weak exchange rate against the US\$ as purchase prices increased drastically. Additionally, wage inflation increased to a seven-month high as companies sought to increase employees' wages to help them face heightened living costs. Due to the increase in input costs, firms resorted to increasing selling charges noticeably while remaining slightly softer than the increase noted in August.

Business confidence for the next 12-months noted a decrease from the month prior as firms had concerns over price volatility and liquidity issues leading to survey respondents being only mildly confident about a rise in output levels.

In turn, as a result of firms' fears of price increases and supply challenges, non-oil firms in Egypt held onto their stocks during the month. This has led to a rise in total inventories for the second month in a row while remaining only fractional. This was mainly the result of a sharp decrease in output as purchasing activity continued on a sharp downwards trend, as per S&P Global's Egypt PMI report for September 2023.

In parallel, firms faced delays in the arrival of inputs for the first time in three months largely attributed to longer customs procedures.

On the other hand, firms increased their employment levels for the second month running during September and at the quickest rate noted in just over five years. The increase in staffing levels was mainly centered on the services sector and linked to a desire for a more robust workforce, as per S&P Global's Egypt PMI report for September 2023.

DUBAI'S ECONOMY ACHIEVES A GROWTH OF 3.2% DURING H1 2023

Dubai's economy has achieved a robust growth of 3.2% in the first half (H1) of 2023 as compared with the same period of the year prior. The economy's total value was recorded at AED 223.8 billion (US\$ 61.0 billion).

According to the Crown Prince of Dubai and Chairman of the Dubai Executive Council, this economic expansion falls in line with the goals of the Dubai Economic Agenda D33 to double GDP growth over the next decade and consolidate Dubai's position as one of the world's top three urban economies.

In details, Dubai's positive economic performance was mainly driven by robust growth in the sectors of Transportation, Wholesale & Retail Trade, Financial & Insurance Services, Food and Accommodation Services, Real Estate, Information & Communication and Manufacturing.

The aforementioned collective of sectors contributed to circa 93.9% of the GDP growth for H1 2023. The Transportation & Storage sector lead with a contribution of 42.8%, followed by Trade at 12.9%, Financial & Insurance activities with 9.9%, as per the Dubai Data and Statistics Establishment.

In a statement by the Vice President and Prime Minister of the UAE and Ruler of Dubai, commitment to the acceleration of D33 projects was affirmed as well as the crystallization of these economic levers. This move comes in a bid to continue to build the enabling ecosystem and regulatory framework for sustainable economic development, enhanced global attractiveness and a hyper-connected network for both increased expansion and inbound investment.

At the level of Trade activities, the sector achieved an added value of AED 53.6 billion (US\$ 14.6 billion) in H1 2023 showing a 1.7% increase against the same period of the year prior. In turn, the sector contributed to 23.9% of GDP growth and 12.9% of overall growth.

The Transportation & Logistics sector posted a growth of 10.5% in H1 2023 relative to H1 2022. The sector contributed 42.8% of the overall growth recorded in H1 2023 and generated an added value of AED 31.4 billion (US\$ 8.6 billion)

The Hotel & Food Services sector grew by 9.2% year-on-year in H1 2023 and recorded an added value of AED 7.9 billion (US\$ 2.2 billion). The Real Estate sector as well as the Financial and Insurance activities sector recorded year-on-year growths of 3.6% and 2.7% respectively in H1 2023. The aforementioned sectors contributed by 9.2% and 9.9% to overall growth respectively in H1 2023.

The Information & Communication activities sector posted a 3.8% growth in H1 2023 as compared with H1 2022 reaching an added value of AED 9.6 billion (US\$ 2.6 billion). The aforementioned sector contributed 9.9% of the total growth within the period.

In parallel, all other economic sectors achieved a growth of 0.7% year-on-year in H1 2023 relative to H1 2022 with a combined contribution of 6.1% to total growth.

SURVEYS/REPORTS

SAUDI ARABIA LEADS MENA CONSTRUCTION MARKET WITH 67% SHARE IN H1 2023, AS PER JLL

The construction sector in the MENA region showed strong performance in the first half of 2023, with a total of US\$ 101 billion worth of projects awarded, despite global economic challenges, according to JLL's latest Construction Market Intelligence report.

The largest share of this value, approximately 67%, came from Saudi Arabia (US\$ 44 billion) and the UAE (US\$ 23 billion). Both markets recorded an increase in the value of projects awarded compared to the same period in 2022. However, Egypt experienced a decline in the value of awarded projects in H1 2023 compared to H1 2022, although there is a robust pipeline of upcoming projects.

Among the various sectors, the residential sector stood out as the most robust in the UAE, with over US\$ 9 billion worth of awarded projects. Dubai alone accounted for approximately 75% of the total value. Saudi Arabia awarded projects worth US\$ 5 billion, while Egypt awarded projects worth US\$ 771 million in the residential sector. Additionally, the hospitality and mixed-use segments were prominent sectors within the construction sector, with Saudi Arabia's leisure projects contributing US\$ 2 billion.

Overall, the combined estimated value of the project pipeline in the MENA region exceeded US\$ 3 trillion, with Egypt, Saudi Arabia, and the UAE accounting for over 60% of this value. KSA holds the largest share, approximately 35%, with an estimated value of US\$ 1.3 trillion. Egypt and the UAE both have an estimated value of US\$ 500 billion each.

As for construction growth, Saudi Arabia is expected to experience 4% growth (AAGR) in its construction market size between 2024 and 2027. This growth is driven by ongoing efforts at economic diversification through the Vision 2030 plan. Notable projects like ROSHN Sedra District, Jeddah Central Project and DGDA Diriyah Gate, as well as initiatives by the Public Investment Fund (PIF) such as NEOM Oxygen, The LINE, Sindalah Island, Trojena, Community Villages, and Red Sea hospitality, residential and tourism projects, are progressing swiftly. The building and construction sector in Saudi Arabia contributes 6% to the GDP, making it the second-largest non-oil sector in the country, according to the Chairman of the Saudi Contractors Authority (SCA).

In parallel, the UAE's construction market size is expected to grow by over 3% (AAGR) between 2024 and 2027, primarily fueled by increased investment in the infrastructure and real estate sectors, including residential, hospitality, mixed-use, and commercial real estate.

On the other hand, Egypt is projected to have a 9% annual average growth rate in the construction market size between 2024 and 2027, supported by transportation, renewable energy, and residential sectors. In 2022, Egypt's residential sector emerged as the strongest, while in 2023, it currently holds the second-highest value of construction project awards as of H1 2023.

TENANTS ARE LESS LIKELY TO RELOCATE AS RENTS CONTINUE TO SURGE IN DUBAI, AS PER CBRE

CBRE, the global leader in commercial real estate services and investments, released its Dubai Rental Report 2023, which revealed that current market conditions in Dubai have increased the prevalence of tenants to renew residential leases, creating a bifurcation between new and renewed rental rates.

In details, Dubai's rental market witnessed a significant increase in rents and activity in the past two years, ending the negative growth cycle that began in mid-2015 and lasted until late 2021. Data from the Dubai Land Department revealed that in the year to July 2023, the total number of tenancy contracts registrations reached a total of 325,727, a 43.5% increase from the 227,011 contracts registered in the same period in 2019. Such has been the scale of the resurgence that average apartment rents in Dubai have reached their highest levels since February 2017 and average villa rents are the highest on record.

Furthermore, rents are continuing to grow, where, in the year to July 2023, average rents increased by 22%, as per CBRE.

However, there is a significant fragmentation within the rental market currently taking place, according to the report. The total number of new contracts registered dropped by 12.6%, while the renewed registrations grew by 29%. This indicates that tenants are less willing to relocate as they are not prepared or able to pay the higher rates that are evident on new leases, particularly in prime and core residential areas.

These tenants are effectively taking advantage of the protection provided by the RERA rental regulations. These regulations seek to limit the annual rental increase permitted to a maximum of 20%, while the likelihood of achieving the highest rate of increase is rare in most cases.

MOODY'S DOWNGRADES EGYPT'S RATINGS TO "CAA1" WITH A "STABLE" OUTLOOK

Moody's (Moody's Investors Service) downgraded the Government of Egypt's long-term foreign and local currency issuer ratings from "B3" to "Caa1" and changed the outlook to "stable".

Moody's has also downgraded Egypt's foreign-currency senior unsecured ratings from "B3" to "Caa1", and its foreign-currency senior unsecured Medium-Term Note (MTN) program rating to (P) Caa1 from (P) B3.

The downgrade reflects the government of Egypt's worsening debt affordability trend and the persistence of foreign currency shortages in the face of increasing external debt service payments over the next two years, amid increasingly constrained policy options to rebalance the economy without exacerbating social risk.

The "stable" outlook captures the government's track record of fiscal reform implementation capacity and the launch of the asset sale strategy, as well as Moody's expectation of continued external financial support from the International Monetary Fund (IMF), subject to compliance with reform conditionality, and from the Gulf Cooperation Council (GCC). At the "Caa1" rating level, Moody's expects the credit profile to be resilient to program delays and macroeconomic fluctuations as the economy rebalances.

Looking forward, Moody's expects the government to continue to generate primary surpluses while further expanding the tax and non-tax revenue/GDP ratios as a result of enhanced tax administration measures and tax collection procedures, and by channeling half of the asset sale proceeds directly to the treasury.

However, already high urban inflation running at 37.4% in August 2023 compared to one year before constrains monetary authorities' policy response capacity to mitigate the fallout from a renewed official currency devaluation, which in Moody's assessment is increasingly likely. Moody's baseline scenario is for the official currency to depreciate to EGP 35/US\$ 1 at the end of fiscal 2024 from EGP 30.9 /US\$ 1 currently, and further to EGP 40/US\$ 1 at the end of fiscal 2025, keeping the projected debt/GDP ratio between 95% and 100% of GDP until fiscal 2026.

CORPORATE NEWS

ADNOC GAS SIGNS SUPPLY DEAL WORTH UP TO US\$ 700 MILLION WITH JAPANESE FIRM

UAE-based ADNOC Gas, a large-scale integrated gas processing company, announced a multi-year Liquefied Natural Gas (LNG) supply agreement, valued between US\$ 500 million (AED 1.8 billion) and US\$ 700 million (AED 2.5 billion), with JERA Global Markets, the trading arm of Japan's largest power generation company JERA, as reported in a company's statement.

This LNG supply agreement marks a significant milestone in ADNOC Gas' long-standing strategic partnership with JERA Company, demonstrating ADNOC Gas' continuous and shared commitment for advancing sustainability in the energy sector and supporting a reliable and cleaner energy future for Japan and beyond, as natural gas continues to play a crucial role as a transitional fuel with lower carbon emissions compared to other fossil fuels.

FIVE HOLDINGS COMPLETES US\$ 322 MILLION PACHA GROUP DEAL

FIVE Holdings, a Dubai-based real estate development and hospitality group, completed the acquisition of Spanish-based Pacha Group, buying its hotel and nightclub businesses in a deal worth US\$ 322 million, as indicated in a company's statement.

The deal was funded through the issuance of a green bond and a revolving credit facility, and includes assets such as the popular Pacha Nightclub, first launched in Spain's Ibiza island, as well as Destino Pacha Hotel and El Hotel Pacha.

This acquisition aligns with FIVE Holding's visionary approach to expand its presence in the global hospitality and entertainment sectors.

QATARENERGY AND SHELL AGREE ON 27-YEAR LNG SUPPLY TO THE NETHERLANDS

QatarEnergy and Shell signed two long-term LNG Sale and Purchase Agreements (SPAs) for the supply of up to 3.5 Million Tons Per Annum (MTPA) of LNG from Qatar to the Netherlands, as revealed in a company's statement.

Under the agreements, the LNG would be delivered to Gate LNG terminal located in the port of Rotterdam starting in 2026 for a term of 27 years.

The LNG volumes would be sourced from the two joint ventures between QatarEnergy and Shell that hold interests in Qatar's North Field East (NFE) and North field South (NFS) expansion projects.

It is worth mentioning that Shell's partnership in the North Field LNG Expansion Projects is made up of a 6.25% share in the 32 mtpa NFE project and a 9.375% share in the 16 mtpa NFS project.

PIF LAUNCHES AUTOMOTIVE AND MOBILITY INVESTMENT FIRM

Saudi Arabia's Public Investment Fund (PIF) launched the National Automotive and Mobility Investment Company (Tasaru Mobility Investments), an investment company focused on developing local supply chain capabilities for the automotive and mobility industry in Saudi Arabia, as mentioned in a company's statement.

Tasaru Mobility Investments would drive strategic investments and partnerships with both local and global private sector companies. It aims to support sector growth and deliver long-term returns through the localization of manufacturing expertise and the latest cutting-edge technologies that would accelerate the development of Saudi Arabia's electric vehicle and autonomous mobility ecosystem. By boosting local

capabilities, the company would support Saudi Arabia's wider efforts to become a global leader in this vital industry.

The company's first investment is a joint venture with Zamil Group Real Estate Company, Abdullah Ibrahim Alkhorayef Sons Company and Dar Al-Himmah Projects Company Limited to develop an automotive logistics hub in King Abdullah Economic City (KAEC).

Tasaru Mobility Investments would be a majority shareholder in the new venture, leveraging special economic zone advantages and playing a pivotal role in attracting global suppliers and enhancing trade.

Tasaru Mobility Investments would support research and development, increase the adoption of advanced technologies and pursue sustainable opportunities in the sector. By accelerating the transition to electric vehicles and future mobility solutions, the company would make an important contribution towards Saudi Arabia's environmental objectives, including its net zero 2060 target, as well as PIF's own net zero 2050 target.

ZAINTECH TO ACQUIRE DIGITAL SOLUTIONS FIRM STS

UAE-based ZainTECH, the integrated digital solution provider of Zain Group, entered an agreement for the complete acquisition of Specialized Technical Services Company (STS), one of the pioneering and largest digital transformation solutions providers in the region and Jordan, as revealed in a company's statement.

This strategic move enables ZainTECH to expand its service offerings to enterprises and government bodies, access top talent, foster innovation, and enhance its competitive position across the region.

It is worth noting that STS has been a key player in the digital transformation landscape across Jordan, Saudi Arabia, the UAE, Bahrain, and Iraq. As one of the pioneering players in the industry, STS also stands as a forward-thinking, tech-savvy entity that has consistently fueled the digital transformation journey of the entire region.

The agreement to acquire STS, would amplify ZainTECH and Zain Business-to-Business (B2B) teams' capabilities to provide clients with cutting-edge and comprehensive digital transformation solutions, solidifying ZainTECH position as leaders in the industry and driving digital transformation in Jordan and across the region.

EEC AND ORASCOM TO BUILD MIXED-USE WATERFRONT HUB IN SAUDI ARABIA

Emaar the Economic City (EEC), the master-developer of the King Abdullah Economic City (KAEC), signed a strategic agreement with Orascom Development Company and Alkholi Holding Company to develop a unique waterfront mix-use destination in KAEC, as revealed in a company's statement.

The key development would boast a world-class marina, a fully-fledged downtown along with resorts, high-end residential developments, retail and commercial development as well as a wide range of restaurants and F&B outlets in addition to other commercial spaces and social facilities.

As per the deal, Orascom would be the main investor to develop a world-class mix-use tourism city across a mega-parcel of 9.5 million square meters.

This project is a key milestone in turning KAEC into a unique tourism destination, contributing to achieving Saudi Vision 2030 goals.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES EXTEND LOSING STREAK, ON FEARS GAZA CONFLICT COULD SPIRAL OUT OF CONTROL

MENA equity markets continued to follow a downward streak over this week, as reflected by a 0.7% decline in the S&P Pan Arab Composite index, mainly weighed down by mounting fears that the Israel-Hamas war could trigger a wider conflict in the region, threatening an already fragile global economic outlook.

The UAE equity markets plunged deeper into the red this week, as reflected by a 4.6% fall in the S&P UAE index, mainly as growing concerns that Gaza war could spiral out of control in the region soured overall investor sentiment. This occurred despite soaring oil prices, as Brent prices pierced the US\$ 92 per barrel level upward. In Abu Dhabi, First Abu Dhabi Bank's share price fell by 1.5% to AED 13.00. Borouge's share price decreased by 1.2% to AED 2.49. ADIB's share price plummeted by 7.2% to AED 10.00. ADNOC's share price dropped by 4.5% to AED 3.36. Taqa's share price shed 5.3% to AED 3.05.

In Dubai, Emirates NBD's share price tumbled by 5.9% week-on-week to reach AED 16.65. Dubai Islamic Bank's share price closed 4.2% lower at AED 5.27. Mashreq Bank's share price retreated by 0.7% to reach AED 149.00. Union Properties' share price declined by 0.9% to AED 0.318. Emaar Properties' share price nosedived by 12.0% to AED 6.38. Deyaar Development's share price went down by 3.4% to AED 0.577. DEWA's share price closed 5.2% lower at AED 2.38.

The Qatar Stock Exchange slid back into the red this week, mainly pressured by worries that Hamas-Israel conflict may ignite a broader conflict in the region, which overshadowed some favorable financial results. This was reflected by a 3.2% contraction in the S&P Qatar index. 45 out of 49 traded stocks on the Qatar Stock Exchange posted price falls, while three stocks registered price gains and one stock saw no price change week-on-week. A closer look at individual stocks shows that QNB's share price dropped by 2.9% to QR 15.50. Qatar Islamic Bank's share price shed 3.0% to QR 17.950, despite reporting a 7.2% year-on-year expansion in its net profits during the first nine months of 2023 to reach QR 3.1 billion. The Commercial Bank's share price plunged by 4.5% to QR 5.150 despite announcing a 7.5% yearly increase in its net profits during the first nine months of 2023 to reach QR 2.4 billion.

Also, Industries Qatar's share price closed 0.4% lower at QR 13.430 this week. Mesaieed Petrochemical Holding Company' share price declined by 3.4% to QR 1.690. Barwa Real Estate's share price fell by 1.9% to QR 2.50 despite posting a 5.0% yearly growth in its net profits over the first nine months of 2023 to reach QR 779 million. Qatar Navigation's share price plunged by 5.0% to QR 9.535. Ooredoo's share price dropped by 4.6% to QR 9.650.

In contrast, the heavyweight Saudi Exchange, whose market capitalization represents two-thirds of the total regional market capitalization, saw two-way flows this week, as mounting concerns about escalating

EQUITY MARKETS INDICATORS (OCTOBER 15 - OCTOBER 21, 2023)

Market	Price Index	Price week-on-week	Year-to-Date	Trading Value	Trading week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E*	P/BV*
Lebanon	158.4	-3.2%	22.8%	5.1	-33.4%	0.1	17,896.5	1.5%	-	0.40
Jordan	362.7	-0.5%	-6.8%	19.1	-26.3%	15.3	23,603.1	4.2%	7.9	1.23
Egypt	289.4	6.9%	22.3%	520.3	121.6%	3,073.1	46,237.1	58.5%	9.5	2.45
Saudi Arabia	457.4	0.3%	-1.8%	5,494.1	-10.1%	695.1	2,929,359.0	9.8%	15.9	4.82
Qatar	160.1	-3.2%	-9.4%	485.5	-17.0%	596.4	158,916.0	15.9%	12.1	1.50
UAE	128.4	-4.6%	-6.6%	1,940.4	-6.5%	1,629.0	914,940.0	11.0%	14.2	2.59
Oman	257.2	-3.8%	-1.2%	21.7	-8.3%	29.1	21,848.7	5.2%	14.7	1.05
Bahrain	220.9	0.0%	14.6%	2.6	36.3%	6.5	18,543.4	0.7%	12.3	1.41
Kuwait	123.3	2.3%	-11.1%	677.2	23.6%	720.1	127,115.9	27.7%	15.4	1.75
Morocco	255.5	-0.8%	15.1%	107.1	98.9%	11.5	60,472.6	9.2%	19.6	3.45
Tunisia	60.2	0.0%	-2.9%	4.6	-57.8%	2.5	7,391.0	3.2%	11.8	1.63
Arabian Markets	878.3	-0.7%	-3.8%	9,277.7	-4.2%	6,778.7	4,326,323.2	11.2%	15.2	4.01

Values in US\$ million; volumes in millions * Market cap-weighted averages

Sources: S&P, Bloomberg, Bank Audi's Group Research Department.

geopolitical tensions in the Middle East and downbeat financial results, were offset by an extended oil price rally, some favorable company-specific factors and an accelerated expansion in the non-oil Saudi private sector economy in September 2023 (with the Riyadh Bank headline PMI hitting 57.2). This resulted into a shy weekly expansion in the S&P Saudi index of 0.3%.

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco's share price declined by 0.6% week-on-week to SR 33.50. SABIC's share price dropped by 1.3% to SR 79.10. Advanced Petrochemical Company's share price fell by 1.8% to SR 37.50. Advanced Petrochemical Company posted a 67% year-on-year rise in its 2023 third quarter net profits, yet still missing average analysts' estimate. Sipchem's share price shed 7.2% to SR 32.85. Sipchem announced a 70% year-on-year contraction in its 2023 third quarter net profits to reach SR 233 million. SNB's share price went down by 1.1% to SR 31.70. SAB's share price decreased by 0.9% to SR 32.00.

In contrast, ACWA Power's share skyrocketed by 18.6% to SR 230.00. Al Rajhi Bank's share edged up by 0.6% to SR 65.40. Alinma Bank's share went up by 2.4% to SR 32.40. Kingdom holding's share price recorded a price rise of 0.9% to SR 7.00. STC's share price increased by 2.6% to SR 36.25. Aldrees Petroleum and Transport Services Company's share price went up by 1.9% to SR 127.60. Aldrees reported a 9.6% year-on-year expansion in its 2023 third quarter net profits to reach SR 68 million.

The Egyptian Exchange registered strong price gains of 6.9% week-on-week, as domestic investors poured in to hedge against expectations of another local currency devaluation and record inflation. A closer look at individual stocks shows that Abu Qir Fertilizers & Chemical Industries' share price jumped by 21.5% to reach LE 84.81. Eastern Tobacco's share price surged by 5.9% to LE 26.00. E-finance for digital and financial investments' share price climbed by 7.1% to LE 18.52. QNB Al Ahli' share price rose by 7.7% to LE 24.00. Talaat Moustafa Group's share price skyrocketed by 19.6% to LE 15.73. Egypt Kuwait Holding's share price expanded by 7.7% to LE 47.26. Palm Hills Development's share price went up by 6.0% to LE 2.12. ElSewedy Electric Company's share price climbed by 12.9% to LE 26.71.

FIXED INCOME MARKETS: ACROSS-THE-BOARD WEEKLY PRICE CONTRACTIONS IN MENA BOND MARKETS, TRACKING US TREASURIES MOVE

MENA fixed income markets saw across-the-board price contractions this week, mainly tracking US Treasuries move following an aggressive sell-off seen in gilts on higher-than-expected UK inflation in September 2023, and as soaring oil prices fueled global inflation concerns.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price contractions of up to 1.75 pt this week. SABIC'28 closed down by 0.25 pt. SEC'28 traded down by 1.25 pt. Prices of Saudi Aramco'25 went down by 0.75 pt. As to new issues, Saudi Arabia's Public Investment Fund raised this week US\$ 3.5 billion from the sale of its first US dollar-denominated dual-tranche Sukuk, which attracted more than US\$ 25 billion in orders. The five-year US\$ 2.25 billion Sukuk was sold at 120 bps over US Treasuries, while the 10-year US\$ 1.25 billion Sukuk was sold at 140 bps over UST.

In the Dubai credit space, sovereigns maturing in 2029 posted price falls of 0.88 pt week-on-week. Majid Al Futtaim'29 registered price contractions of 2.50 pts. Emaar Properties'26 was down by 0.50 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) recorded price decreases of 0.63 pt. DP World'30 closed down by 0.88 pt. Emirates Airlines'28 traded down by 0.38 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price drops of up to 1.88 pt. Mubadala'26 and '27 posted price declines of 0.13 pt each. Prices of ADNOC'29 went down by 1.00 pt. Taqa'28 traded down by 0.88 pt.

In the Bahraini credit space, prices of sovereigns maturing in 2026, 2027, 2031 and 2032 contracted by 0.80 pt to 1.75 pt this week. Prices of NOGA'27 declined by 0.75 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price decreases of 0.50 pt and 1.63 pt respectively week-on-week. Ooredoo'26 was down by 0.50 pt. Amongst financials, prices of QNB'25 and '26 declined by 0.25 pt and 0.75 pt this week.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 decreased by 0.33 pt week-on-week. In the

Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price declines of 0.75 pt, 0.74 pt and 1.50 pt respectively this week. Omantel'28 traded down by 1.22 pt.

In the Jordanian credit space, sovereigns maturing in 2027 and 2030 recorded price decreases of 0.63 pt and 0.50 pt respectively week-on-week. In the Iraqi credit space, prices of sovereigns maturing in 2028 decreased by 0.50 pt this week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027 and 2030 posted price contractions of 0.38 pt and 1.41 pt respectively, while sovereigns maturing in 2032 and 2040 recorded price rises of 0.16 pt and 0.50 pt this week. As to credit rating changes, S&P Global Ratings lowered its long-term foreign and local currency sovereign credit ratings on Egypt to "B-" from "B", with a "stable" outlook. The "stable" outlook balances, as per S&P, the risk that the Egyptian authorities may be unable to finance high external debt redemptions or address the country's foreign currency shortage against the possibility of an acceleration of key monetary and economic reforms that would help bridge Egypt's large external financing gap.

All in all, regional bond markets came under downward price pressures this week, mainly tracking US Treasuries move, as the ten-year benchmark yield neared 5%, its highest level since 2007, amid rising inflation concerns given an extended oil price rally, and as strong US economic data reinforced the higher-for-longer

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	20-Oct-23	13-Oct-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	56	59	44	-3	12
Dubai	88	89	84	-1	4
Kuwait	59	54	50	5	9
Qatar	66	71	48	-5	18
Saudi Arabia	72	74	61	-2	11
Bahrain	263	263	231	0	32
Morocco	154	160	162	-6	-8
Egypt	1,858	1,820	877	38	981
Iraq	424	424	467	0	-43
Middle East	338	335	225	3	113
Emerging Markets	111	93	140	18	-29
Global	578	603	533	-25	45

Sources: Bloomberg, Bank Audi's Group Research Department

Z-SPREAD BASED AUDI MENA BOND INDEX V/S INTERNATIONAL BENCHMARKS



Sources: Bloomberg, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD-/SD	C/-	RD-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B/Negative/B	Caa1/Stable	B/Negative/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A/Stable/A-1	A1/Positive	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa3/Positive	AA-/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	B+/Stable/B
Oman	BB+/Stable/B	Ba2/Positive	BB+/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/Negative	CCC-/C
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated

RWN= Rating Watch Negative

RUR= Ratings Under Review

* Emirate of Abu Dhabi Ratings

FX RATES (per US\$)	20-Oct-23	13-Oct-23	30-Dec-22	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	15,000.00	15,000.00	1,507.50	0.0%	895.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	30.90	30.85	24.71	0.2%	25.0%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	0.0%	-10.3%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	0.0%	-0.2%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.0%	0.9%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.0%
Yemeni Riyal (YER)	250.28	250.29	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	137.22	137.52	137.35	-0.2%	-0.1%
Moroccan Dirham (MAD)	10.33	10.27	10.44	0.6%	-1.1%
Tunisian Dinar (TND)	3.17	3.18	3.11	-0.4%	1.9%
Libyan Dinar (LYD)	4.90	4.88	4.83	0.3%	1.4%
Sudanese Pound (SDG)	647.79	647.67	573.81	0.0%	12.9%

Sources: Bloomberg, Bank Audi's Group Research Department

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